

## ASHBY & GEDDES

ATTORNEYS AND COUNSELLORS AT LAW  
222 DELAWARE AVENUE  
P. O. BOX 1150  
WILMINGTON, DELAWARE 19899

TELEPHONE  
302-654-1888  
FACSIMILE  
302-654-2067

November 28, 2006

The Honorable Joseph J. Farnan, Jr.  
United States District Court  
844 King Street  
Wilmington, DE 19801

VIA ELECTRONIC FILING

Re: *Power Integrations, Inc. v. Fairchild Semiconductor International, Inc., et al.*,  
C.A. No. 04-1371-JJF

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Dear Judge Farnan:

We received a request from a member of Your Honor's staff today that Fairchild submit a letter concerning the impact of the Supreme Court's forthcoming decision in the pending *KSR v. Teleflex* case. Since *KSR* concerns the standard for whether a claim is invalid as obvious – a key issue in the forthcoming trial – we believe that the decision could have a significant impact on this case.

Specifically, *KSR* concerns whether the Federal Circuit's teaching-suggestion-motivation test for determining whether an invention is "obvious" is the proper standard under 35 U.S.C. §103(a). Any change in this basic standard would dramatically affect the case since Fairchild has raised obviousness defenses to all seven asserted claims. Furthermore, this standard already is actively in play in this case. Power Integrations is currently seeking to exclude admissible prior art on the ground that Fairchild's experts did not set forth sufficiently detailed "motivation to combine" contentions in their expert reports. Thus, the Supreme Court's decision as to whether this will remain the correct standard could significantly affect the outcome of the case.

We did not understand Your Honor to be soliciting the parties' views as to what the Court should do about this potential change in the law, but rather, we simply were asked to inform the Court whether we believe the *KSR* decision could have an impact on this case. We therefore have refrained from offering our opinion on the subject, but we would be pleased to do so promptly if Your Honor would find that helpful.

Respectfully,

/s/ Steven J. Balick

Steven J. Balick

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c: William J. Marsden, Jr. Esquire (by hand)  
Frank E. Scherkenbach, Esquire (via electronic mail)  
Howard G. Pollack, Esquire (via electronic mail)  
G. Hopkins Guy, III, Esquire (via electronic mail)